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Subject: LAND MARKET ACTIVITY IN THE NORTHERN GREAT PLAINS REGION 1/

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Period: Statement includes three-month period January 1 to March 31, 1943

Sources: Recorded land transfers from county records and interviews with local people in 17 selected counties in Montana, Wyoming, North Dakota, South Dakota, Nebraska, Kansas and Colorado. These data do not include a large number of transfers made by unrecorded contracts for deed about which no information was obtained.

Summary

1. Recorded voluntary transfers increased 16 percent over the first quarter of 1942.
2. Distress transfers decreased 38 percent from the first quarter of 1942.
3. Farmers purchased 79 percent of the total number of tracts transferred, about the same as in previous quarters.
4. Corporations and public agencies as sellers are becoming less important.
5. Price of land in the grazing and spring wheat areas has increased 15 to 25 percent over last year.
6. Prices showed a marked upward trend in the winter wheat area.
7. The average price in one southwest Kansas county this quarter was 50 percent over the average of all sales in 1941.
8. Anxiety over farm labor and machine shortages has been lessened. High income continues to be an important factor in stimulating land prices.

1/ Data for North Dakota were developed as a part of a cooperative project between the Bureau of Agricultural Economics and the North Dakota Agricultural Experiment Station.

Trend in Number of Transfers

Recorded voluntary transfers of the first quarter of 1943 increased 16 percent over the corresponding quarter of 1942, and were 12 percent over last quarter which is normally a period of high volume of transfers. There is considerable variation among the counties, however, in the change from quarter to quarter in the number of transfers (table 1).

Distress transfers decreased 38 percent from the first quarter of 1942. There was a marked decrease in delinquent tax foreclosures. Nearly 30 percent of all the distress transfers in the 17 counties surveyed were found in Stutsman County, North Dakota. In this instance the distress transfers were mostly foreclosures by corporations.

Type of Buyers and Sellers

As in reports for previous quarters, farmers were by far the most important class of buyers. Fifty-nine percent of all buyers were owner-operators, 17 percent were tenants and 3 percent were farmers' sons or farm laborers. Resident non-farmers purchased 16 percent of the land classified and non-resident non-farmers the remaining 5 percent. A smaller percentage of purchasers were farmers in Colorado and Kansas than in the other states (table 3). There is no marked change in type of buyer from last quarter, although there has been a slight increase in proportion of owner-operators.

Owner-operators, public credit agencies, states and counties, private corporations, and individuals whose occupations were unknown, were equally important as recorded sellers; each of these groups sold approximately 15 percent of the acreage transferred. Individual non-operators sold 19 percent of the land transferred, and estates 6 percent (table 2). The proportion of corporate and public land sold to total acreage transferred decreased from 53 percent during the preceding quarter to 46 percent this quarter. Private corporation sales decreased from 18 percent to 16 percent of the total acreage transferred, and state and county sales decreased from 24 percent to 15 percent. There was, however, a slight increase in acreage sold by public credit agencies.

Trend in Land Prices

Prices this quarter showed a definite upward trend. The price in some areas has increased a great deal more than in others. The increase has been greater than the average of the recorded sales indicates (table 4). It is necessary to consider such factors as differences in quality of land, range in price, top sales, and increases in number of high sales. The increase in bids and asking prices indicates that still further increases in sale prices can be expected.

In the northern grazing area, prices of comparable grades of land increased 15 to 25 percent in the past year. This area has large concentrations



of county and state owned land. There has been very little increase in the price of land conveyed by tax deed. This land has been "priced to sell" to encourage its return to the tax rolls. The greatest increase in price has occurred where individuals or corporations have been the sellers. Occasional sales are now taking place at prices higher than any recorded since October, 1940.

In the spring wheat area, the price has also increased over a year ago. Farms that would not sell at the price asked last year, are now selling with competition among buyers. Top prices are higher than previously reported. Some asking prices have been increased. The supply of county and corporate owned land on the market, however, tends to keep prices from moving up as rapidly as otherwise might be the case.

Land prices have risen greatly the last four months in the winter wheat areas of western Kansas, western Nebraska and eastern Colorado. Southwest Kansas wheat land which sold for \$2,500 to \$3,000 per quarter section in 1941, and \$3,200 to \$3,600 in 1942, is now selling for \$4,000 to \$5,000 per quarter. The average price of recorded sales in Haskell County this quarter is 50 percent above the average of all recorded sales for the year, 1941. Where the top price in western Nebraska was \$30 to \$35 per acre a year ago, like quality land is now reported to be selling for \$50 per acre. A few sales were found near this figure. The best wheat land in the higher risk portion of the winter wheat area, is reported to have doubled in price in many instances during the last six-month period. It was not until this quarter that informants in this area became concerned about the rise in land prices.

Most of the land available at current prices, in the winter wheat area is of low quality. Bids for top quality land at previous asking prices are being turned down. Average price per acre of recorded sales in the winter wheat area needs to be interpreted in the light of the fact that much of the land transferred is of poor quality. This is also true in the grazing area and spring wheat area, although to a lesser degree, as is indicated by the lower average assessed value per acre of the land transferred this quarter compared with the assessed value of land transferred during the first quarter of 1942.

In the corn belt and the central portion of both Kansas and Nebraska, there are numerous cases of land sales and offers to buy, at prices much higher than anything previously reported. Average prices do not show these developments, since there is a limited supply of top quality land on the market. In general, the price of poor quality land has not risen.

In some of the irrigated areas of Colorado, defense workers with a farm background, as well as some others, are acquiring land as a hedge against post-war unemployment. Some workers, even though still employed, are purchasing through finance companies on a monthly payment basis.

Type of Financing

Cash sales are still the most prevalent (to 10 %). For the region as a whole, 62 percent of the sales were for cash, 39 percent were for part



cash and mortgage, and 11 percent were by contract for deed. The buyers' equity in mortgage sales averaged 37 percent of total purchase price and 18 percent in sales by contract for deed. These figures are based on recorded sales, and it should be remembered that comparatively few contracts, other than by counties, are recorded.

The supply of mortgage credit seems adequate and interest rates are low. Lending institutions are competing much more actively for farm mortgages. This competition has already resulted in a lowering of interest rates; insurance companies, for example, are now making loans at 4 to 6 percent. Some companies are reported to have placed a voluntary ceiling on loans, regardless of sales price.

Individuals, however, are the most important source of credit for financing land sales (table 6). Individuals held the first mortgages, or title to land under contract for deed, in 35 percent of 214 transfers this quarter for which complete information was available. This reached a high of 90 percent in one Colorado county.

General Conditions Affecting the Land Market

The high level of farm income in 1942 continues to be the greatest single factor affecting the land market. Income in the 7 states comprising the Northern Great Plains Region was almost \$2,250,000,000 in 1942. This was an increase of \$685,000,000 over 1941, and was $2\frac{1}{4}$ times as great as the average from 1935 to 1939. Despite tremendous payments on existing debts of all types, farmers have retained reserves sufficient for either cash purchases or substantial down payments on land.

Chart 1 shows the relationship of cash farm income and land values for the United States for World War I and World War II.

The anxiety over farm labor seems to have been lessened by recent decisions of the War Manpower Commission. The deferring of essential farm laborers has reduced the drain upon men in rural areas. In most areas, spring work was proceeding under generally favorable conditions and machinery and labor appeared sufficient for intended planting. Difficulty is anticipated when the harvesting of crops begins, unless additional sources of labor are found.

The supply of corporate and publicly owned land in this region is rapidly becoming depleted. Operators must deal more with individual owners who are less willing to sell, or to buy the tracts which corporate and public owners have found hard to sell. Income from farm rentals has been high and individuals are reluctant to sell unless prices are very attractive.

There did not seem to be many buyers acquiring land purely for speculative purposes. There is no way of knowing, however, how many re-sales there will be when there is a further rise in price. For example, one farm in southwest Kansas has been sold four times during the period of

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this study. These sales were as follows:

Seller	Purchaser	Period	Price
Local banker	Non-resident banker	2nd quarter 1941	\$16.75
Non-resident banker	Real estate dealer	1st quarter 1942	20.00
Real estate dealer	Tenant	3rd quarter 1942	21.38
Tenant	Owner-operator	1st quarter 1943	28.12

It appeared at the time that the first two purchasers were for either investment or speculative purposes. It seemed that the third purchaser bought to secure a place to operate. Either that was not his intention, or he later changed his mind when a good offer came along.

Fig. 1.- Index numbers of cash income from farm marketing and land values in the U. S. (1912-1914 and 1937-1942, 1912-1914 = 100)

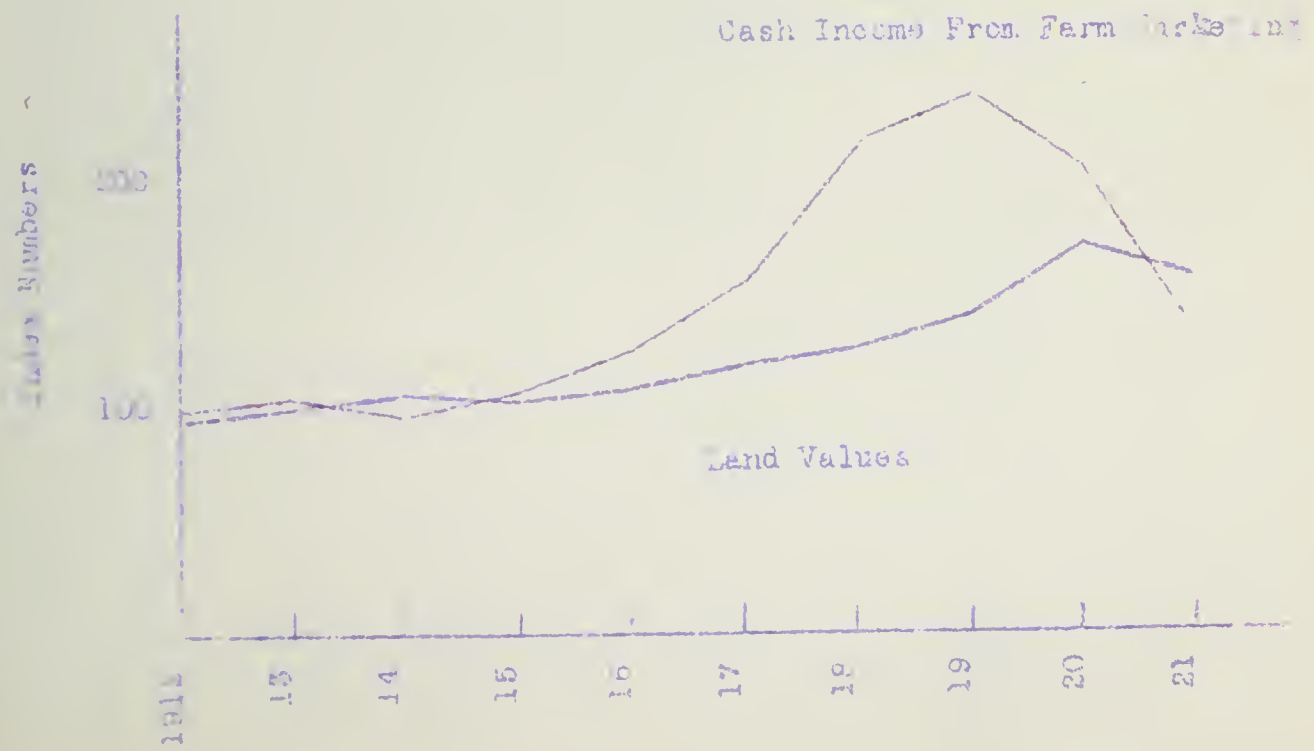
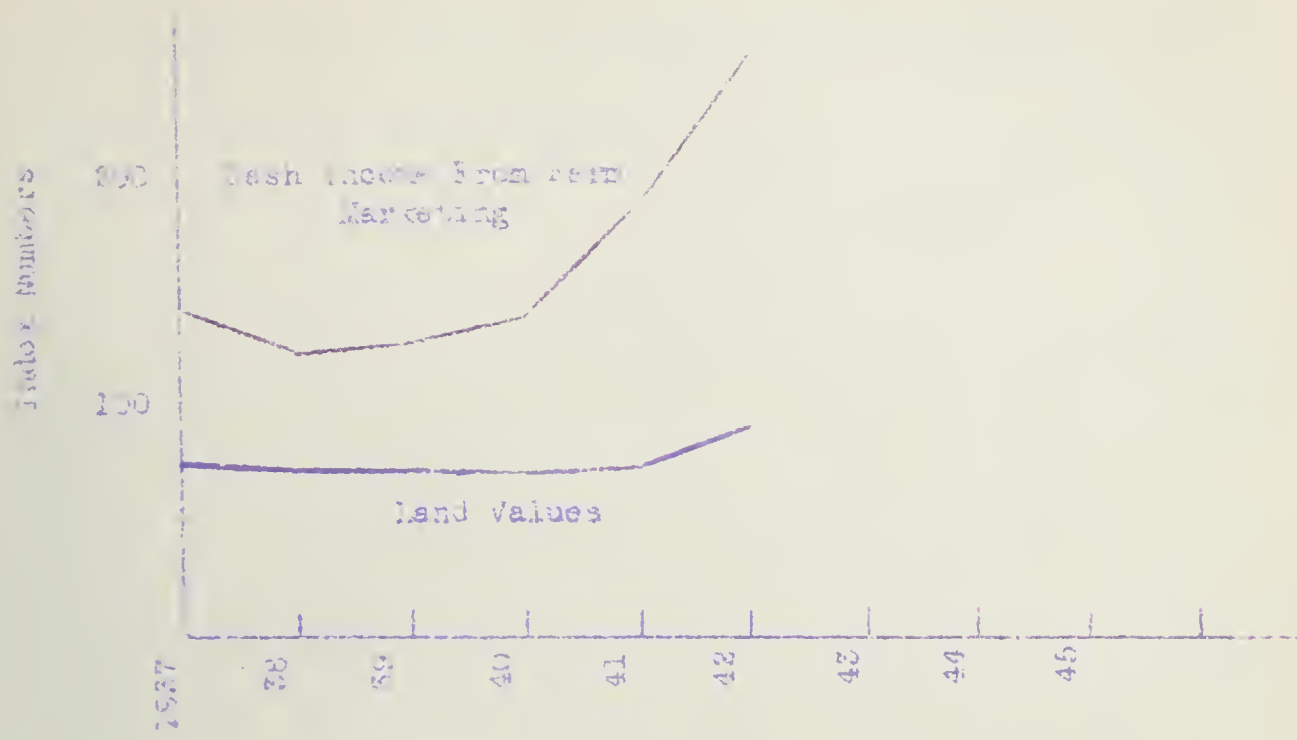


Table 1.- Recorded voluntary and distress transfers, Northern Great Plains Region
1st Quarter, 1942 and 1943

Selected counties	Voluntary transfers						Foreclosures, assignment tax deeds					
	Deed			Contract for deed								
	1942	Aores	No.	1943	Aores	No.	1942	Aores	No.	1943	Aores	No.
Colorado												
Adams	48	19,962	60	13,353	1	61	1	160	3	580	5	
Monte	50	4,239	90	6,502	0	0	2	20	1	80	7	
Nebraska												
Dakota	16	2,000	22	3,100	0	0	1	160	3	400	3	
Haskell	13	3,011	16	3,822	0	0	0	0	1	320	2	
Montana												
Fallon	14	0,995	13	4,487	25	6,359	10	4,037	1	320	1	
Judith Basin	14	6,668	19	4,614	3	1,080	4	880	5	800	1	
Nebraska												
Deuel	9	2,280	10	5,643	0	0	0	0	0	0	0	
Howard	20	2,924	22	4,273	0	0	0	0	8	1,244	3	
Lancaster	34	4,365	48	5,801	0	0	0	0	8	1,280	2	
North Dakota												
Morton	63	15,180	67	17,549	4	960	1	160	17	5,040	9	
Stanton	60	14,500	99	26,032	10	2,560	17	4,289	5	1,160	27	
Traill	13	5,663	10	1,627	1	319	0	0	1	41	0	
Ward	33	5,708	92	18,886	64	11,124	4	633	61	10,062	8	
South Dakota												
Brown	56	11,641	39	8,002	0	0	2	480	17	4,050	1	
Clay	21	2,840	24	3,521	2	225	1	40	2	120	6	
Haakon	30	8,385	37	12,570	22	9,350	12	2,565	2	320	18	
Wyoming												
Goshen	39	9,916	49	12,674	8	3,531	5	1,550	14	2,981	1	
Total	533	124,257	723	152,856	140	36,069	60	14,974	149	28,798	92	

Table 2.- Classification of sellers, Northern Great Plains Region
1st Quarter, 1943

Selected counties	Acreage classified	Individuals				Public 1/				State			
		Owner- operator		Non- operator		Occupation:		Estates		credit		and	
		Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Colorado													
Adams	13,515	22	50	0	19	1	3	5					
Moosa	6,622	25	45	25	1	0	0	4					
Kansas													
Dickinson	3,501	36	24	0	31	5	0	15					
Haskell	3,822	33	33	0	13	8	0	8					
Montana													
Fallon	8,524	0	4	8	6	0	46	36					
Judith Basin	5,494	0	12	13	12	0	16	47					
Nebraska													
Deuel	5,645	17	9	0	11	0	0	3					
Howard	4,273	11	36	0	3	35	0	20					
Lancaster	5,801	0	15	37	0	25	0	23					
North Dakota													
Morton	17,709	12	20	26	3	9	14	16					
Stutsman	30,321	5	15	9	3	29	17	22					
Traill	1,627	2	68	0	30	0	0	0					
Ward	19,519	20	11	19	3	10	22	15					
South Dakota													
Brown	8,482	5	20	20	8	15	7	25					
Clay	3,561	21	9	2	12	28	0	28					
Haakon	15,135	1	1	16	2	31	2	47					
Wyoming													
Goshen	14,224	25	19	22	3	18	6	7					
Total	167,830	15	19	14	6	15	15	16					

1/ Includes federal and state agricultural credit agencies.

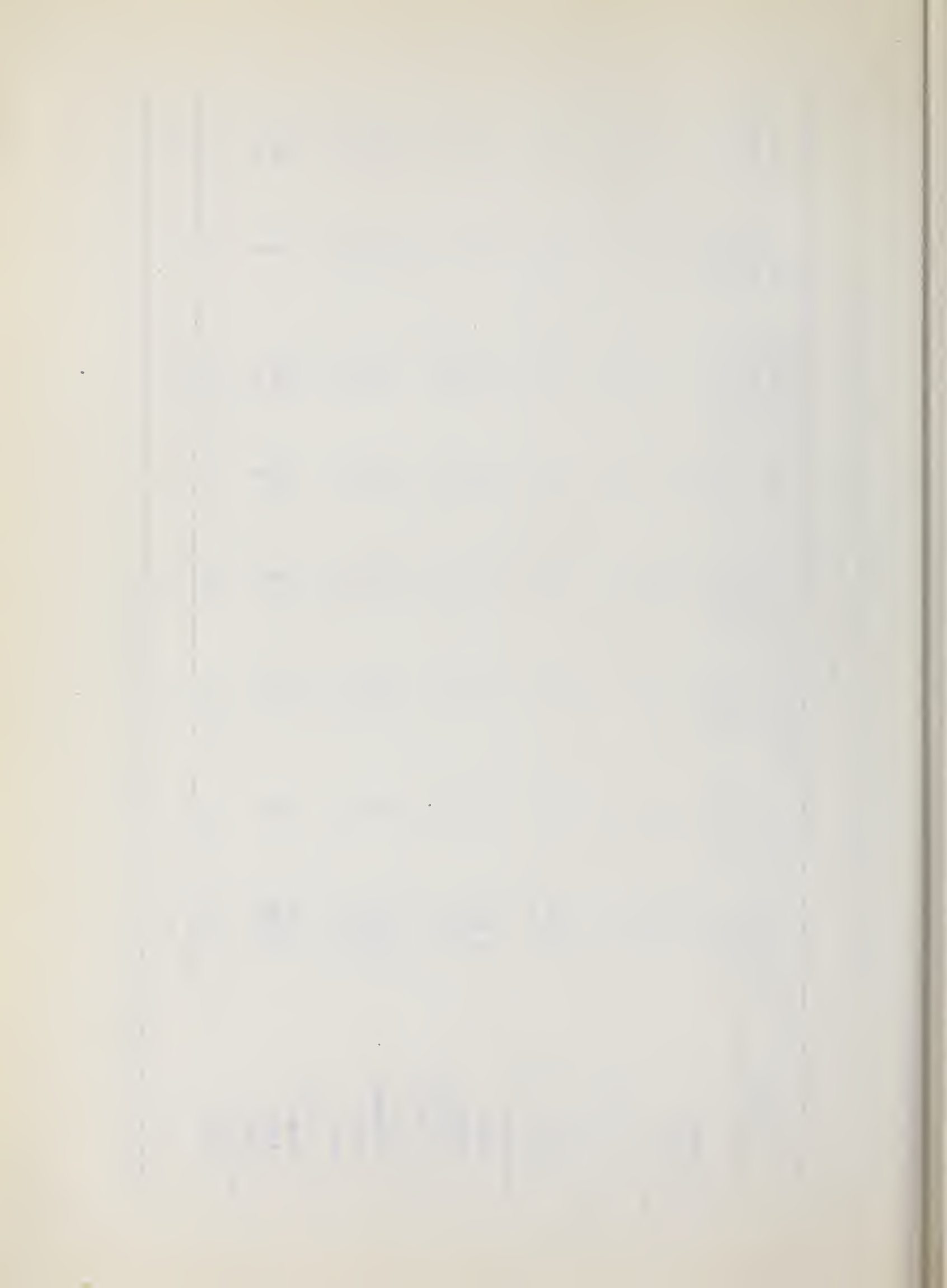


Table 3.- Classification of buyers, Northern Great Plains Region
1st Quarter, 1943

Selected counties	Buyers classified	Farmers			Non-farmers	
		Owner 1/	Tenants	Other	Resident 2/	Non-resident
		Number	Percent	Percent	Percent	Percent
Colorado						
Adams	56	54	11	0	27	8
Mesa	63	50	18	1	25	6
Kansas						
Dickinson	29	41	14	7	38	0
Haskell	15	50	13	0	9	20
Montana						
Fallon	23	83	4	0	4	9
Judith Basin	23	57	30	0	0	13
Nebraska						
Deuel	10	80	10	0	0	10
Howard	22	41	18	5	31	5
Lancaster	33	44	30	6	17	3
North Dakota						
Morton	64	66	19	8	6	1
Stutsman	107	62	12	4	18	4
Traill	10	30	40	10	10	10
Ward	83	75	10	4	8	3
South Dakota						
Brown	39	36	36	0	28	0
Clay	21	47	43	0	5	5
Haakon	43	80	2	2	11	5
Wyoming						
Coshon	52	56	25	0	17	2
Total	704	59	17	3	16	5

1/ Includes part-owners.

2/ In county or adjoining county.

